

## Message Text

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ACTION EA-09

INFO OCT-01 ISO-00 FEA-01 AGRE-00 CEA-01 CIAE-00 COME-00  
DODE-00 EB-07 FRB-03 H-01 INR-07 INT-05 L-03 LAB-04  
NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15 STR-04  
ITC-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01 XMB-02  
/086 W

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R 290856Z DEC 76  
FM AMEMBASSY JAKARTA  
TO SECSTATE WASHDC 8422  
INFO AMEMBASSY BANGKOK  
AMEMBASSY KUALA LUMPUR  
AMEMBASSY MANILA  
AMEMBASSY SINGAPORE  
AMEMBASSY TOKYO  
CINCPAC

C O N F I D E N T I A L JAKARTA 16649

CINCPAC FOR POLAD

E.O. 11652: GDS  
TAGS: EGEN, ETRD, EINV, ASEAN, ID  
SUBJECT: US/ASEAN ECONOMIC CONSULTATIONS

REF: A) MANILA 19849, B) SINGAPORE 5752, C) BANGKOK 34274,  
D) MANILA 19360, E) ECBRUSSELS 12293

1. IT HAS TAKEN NEARLY TWO YEARS, SINCE FIRST OFFICIAL  
USG APPROACH, FOR ASEAN TO DECIDE IT IS READY TO BEGIN  
AN ECONOMIC DIALOGUE WITH THE U.S. GIVEN THIS FITFUL  
HISTORY, WE BELIEVE PROSPECTS FOR A MUTUALLY PROFITABLE  
EXCHANGE WILLBE ENHANCED IF ASEAN IS ALLOWED TO SET THE  
FUTURE PACE. THE USG RESPONSE TO THE ASEAN INITIATIVE  
SHOULD OF COURSE BE POSITIVE, BUT A LOW-KEY EXPRESSION  
OF OUR WILLINGNESS TO DISCUSS MATTERS OF MUTUAL INTEREST  
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SUGGESTED BY ASEAN SHOULD BE SUFFICIENT. ALLOWING  
ASEAN TO SUGGEST TOPICS OF INTEREST TO IT INCREASES THE  
LIKELIHOOD THAT ITS NEGOTIATORS WILL BE WELL BRIEFED  
AND PREPARED TO PARTICIPATE FULLY IN TALKS. WE SEE NO  
POINT IN SEEKING TO INCLUDE AGENDA ITEMS TO WHICH ASEAN  
MIGHT AGREE BUT WHICH IT IS UNPREPARED TO DISCUSS.

(REF E MAKES CLEAR ASEAN'S INABILITY STILL TO FORMULATE COHESIVE POSITIONS ON MANY ISSUES.) NATURALLY USG SHOULD BE PREPARED TO SUGGEST AGENDA ITEMS IF REQUESTED, BUT LONG AND POSSIBLY OVERWHELMING LIST SHOULD BE AVOIDED.

2. MENTION OF POSSIBLE TOPICS FOR DISCUSSION BRINGS TO MIND QUESTION OF WHAT USG HOPES TO GAIN FROM AN ASEAN-US ECONOMIC DIALOGUE. SINGAPORE HAS CORRECTLY POINTED OUT (REF B) THAT THE POTENTIAL ECONOMIC PAYOUT IS MUCH GREATER FOR ASEAN THAN FOR US. AMONG THE SPATE OF REASONS WHY A DIALOGUE IS DESIRABLE SET FORTH DURING THE PAST MONTHS, IT SEEMS TO US THAT USG RECOGNITION AND FURTHER ENHANCEMENT OF ASEAN COHESION HAS CONTINUING VALIDITY AND IMPORTANCE. THIS BEING TRUE, THE TOPICS OF DISCUSSION WILL BE LESS IMPORTANT TO US THAN THE FACT OF THE DISCUSSIONS. THUS, WHILE NEED FOR ANOTHER FORUM TO DISCUSS ISSUES ALREADY BEING DISCUSSED ELSEWHERE MAY SEEM MARGINAL, USG WILLINGNESS TO TAKE PART IS A COMPARATIVELY SMALLY PRICE TO PAY FOR POSSIBLE STRENGTHENING OF ASEAN BONDS. MOREOVER, IF AN WHEN ASEAN COHESION GROWS, IT MAY BE THAT OUR TALKS WITH IT WILL INCREASINGLY SUPPLEMENT, OR OCCASIONALLY EVEN REPLACE, BILATERAL TALKS RATHER THAN DUPLICATE THEM. ASEAN HANDLING OF U.S. MTN OFFER LIST MAY BE BEST EXAMPLE OF SUCH POTENTIAL TREND. ALSO OF IMPORTANCE IS THAT ASEAN INITIATIVE PRESENTS TO INCOMING ADMINISTRATION AN EARLY OPPORTUNITY TO DEMONSTRATE THAT THE USG DOES NOT INTEND TO OVERLOOK SOUTH EAST ASIA IN FAVOR OF OTHER AREAS IN THE WORLD.  
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3. WE SHARE WITH ADDRESSEES OPINION THAT INFORMAL CONTACT WITH ASEAN OUTSIDE MANILA CANNOT AND SHOULD NOT BE AVOIDED, BUT ALSO BELIVE THAT ATTEMPTS TO COMMUNICATE OFFICIALLY WITH ASEAN OTHER THAN IN MANILA ARE LIKELY TO CAUSE CONFUSION. ASEAN MEMORANDUM ON MTN PASSED RECENTLY HERE (JAKARTA 16383) AND IN BANGKOK (BANGKOK 34588) IS GOOD EXAMPLE OF THIS POTENTIAL CONFUSION. IF IT HAD BEEN PASSED AT ONLY ONE POINT THE U.S. WOULD NOT NOW HAVE AT LEAST TWO VERSIONS. THUS WE THINK IT WOULD BE A MISTAKE TO TRY TO WORK THROUGH THE STANDING COMMITTEE NOW THAT MANILA HAS BEEN DESIGNATED AS THE U.S. CONTACT POINT. SIMILARLY, ONCE THE ASEAN SECRETARIAT IS FUNCTIONING WE WILL ATTEMPT TO OBTAIN FROM IT AS MUCH INFORMATION AS POSSIBLE ON ASEAN DEVELOPMENTS BUT SEE OUR CURRENT ROLE AS INFORMAL LIAISON RATHER THAN OFFICIAL SPOKEMAN FOR POSITIONS USG WISHES COMMUNICATED TO ASEAN.

4. ON MATTER OF AGENDA TOPICS, INFORMAL DISCUSSIONS WITH DEPT. OF FOREIGN AFFAIRS AND TRADE REVEAL THAT TRADE AND INVESTMENT ARE TWO SUBJECTS ABOUT WHICH THE INDONESIANS HAVE THE MOST KEEN INTEREST. MANY OF THE OTHER TOPICS SUGGESTED BY POSTS HOLD PROMISE FOR US-ASEAN DIALOGUE, BUT WE WOULD HOLD OUT FOR STARTING WITH WHAT ASEAN SEEMSTO CONSIDER THE IMPORTANT ONES AND HOPE TO PROGRESS FROM THERE.

5. WE STRONGLY AGREE WITH SINGAPORE QUESTION OF ASEAN RELATINS WITH THE U.S. PRIVATE SECTOR NEEDS FURTHER CLARIFICATION.  
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